

HB 441 -- Taxation: Local Sales Tax on Food

Co-Sponsors: Lowe, Hilgemann

Under current law, certain food types are taxable for local sales tax purposes. This bill exempts these food types from all local sales taxes imposed by political subdivisions. This portion of the bill will become effective on July 1, 2006.

The bill also reduces the maximum individual income tax deduction for federal income taxes paid from \$5,000 for a single taxpayer and \$10,000 for married taxpayers to \$3,600 and \$6,600, respectively. This portion of the bill will become effective on January 1, 2005.

All revenue received from the reduction of the federal income tax deduction on individuals will be deposited into an account to be known as the Local Revenue Replacement Trust Fund. Moneys in this fund will be disbursed to political subdivisions in an amount necessary to replace the lost revenues of the political subdivisions as a result of the local sales tax exemption on the sales of certain food types. The fund and disbursement of the moneys will be administered by the Department of Revenue.

The bill also keeps deposits to the Outstanding Schools Trust Fund from being reduced.

The bill contains a referendum clause.